2007 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL
A Manitoba Crown Corporation

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Winnipeg, Manitoba R3C 3T1
www.crowncc.mb.ca

2007 ANNUAL REPORT

CROWN CORPORATIONS COUNCIL

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Cette information existe également en français.

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LETTER OF TRANSMITTAL

The Honourable Greg Selinger
Minister responsible for
Crown Corporations Council
Province of Manitoba
103 Legislative Building
Winnipeg, Manitoba
R3C OV8

Dear Minister:

I am pleased to submit for your consideration the Annual Report of the Crown Corporations Council for the year ended December 31, 2007.

Yours truly,

Raymond Poirier
Chair

April 29, 2008

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MESSAGE FROM CHIEF EXECUTIVE OFFICER AND CHAIR

The large commercial Crowns under Council's purview deliver electricity, natural gas service and automobile insurance to the people of Manitoba. In addition gaming and alcoholic products are offered within a framework of responsible use. As well several smaller Crowns manage facilities and provide economic development.

Council's mandate is one of facilitation to assist Crowns to meet their obligations under the Act. It is an on-going process and co-dependent on actions of other organizations involved.

Council's annual report highlights its activities in supporting Crowns in achieving and maintaining a clear mandate and purpose, having effective criteria for measuring performance and following appropriate long term corporate and capital expenditure plans.

Council identifies opportunities for mandate and policy clarification, assesses performance measurement and reporting systems, reviews strategic plans and capital expenditure programs.

Council focuses on consistent practices in the areas of governance and risk management supported by a small team of five full time staff of which two are professional staff and two members are administrative support.

In February 2008 Denise Hickson resigned from Council staff to accept employment at a Manitoba Crown Corporation. Council thanks Denise for her 18 years of service.

Highlights of Council's actions and reviews for the year follow. The financial statements indicate that expenses were up from prior year.

Garry M. Hoffman
President and Chief Executive Officer

Raymond Poirier
Chair

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ABOUT US

LEGISLATIVE AUTHORITY

The Crown Corporations Public Review and Accountability Act (the Act) establishes Crown Corporations Council as a corporation responsible to the member of the Executive Council charged by the Lieutenant Governor in Council with the administration of this Act (Minister appointed to administer the Act).

The Act, in effect since 1989, establishes an accountability framework for seven Crown Corporations subject to the legislation that encompasses Boards of Directors, Ministers responsible, the Manitoba Legislature, Crown Corporations Council and if applicable, the Public Utilities Board. These Crown Corporations include:

- Manitoba Hydro
- Manitoba Public Insurance
- Manitoba Lotteries Corporation
- Manitoba Liquor Control Commission
- Manitoba Centennial Centre Corporation
- Communities Economic Development Fund
- Venture Manitoba Tours Ltd.

In broad terms, application of the Act encompasses the following primary areas:

- Council's role and mandate (Part II of the Act)
- General provisions governing corporations (Part III of the Act)
- Public Utilities Board review of rates (Part IV of the Act)

CROWN CORPORATIONS COUNCIL ROLE AND MANDATE

Council's duties as set out in the Act are:

- Facilitate, in co-operation with each corporation, the development of a clearly defined mandate and a clear statement of purpose for the corporation.

- Facilitate, in co-operation with each corporation, the development of consistent and effective criteria for measuring the corporation's performance.

- Review long term corporate plans and capital expenditure proposals; ensure consistent practices among two or more corporations where appropriate.

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ABOUT US

- Provide any advice to the Lieutenant Governor in Council on those plans, proposals and practices or any other matter of policy affecting corporations that may be requested by the Lieutenant Governor in Council.

- Receive and hear submissions from any person who, in the opinion of the Council, has knowledge respecting any aspect of a corporation's activities regarding alleged failures by the corporation to comply with any Act or any policy of the Council.

Council's role is conducted through facilitation, reviews, monitoring and providing Government through Council's Minister responsible advice on any matter identified or requested affecting the applicable Crowns.

FINANCES AND RESOURCES

Council's operations are funded by recovering operating expenses through assessment of levies to the Crown corporations subject to the Act. Council's staff resources consist of five full time staff members. Financial statements for the year ended December 31, 2007 begin on page 15.

COUNCIL'S CORPORATE GOVERNANCE FRAMEWORK

Council's Board governance is based on written policies and the Board focuses on achievement of outcomes and long term effects. Board performance is monitored and annually self assessed. The Board is responsible for the appointment of a President and CEO, monitoring and evaluating the CEO's performance.

Board Composition

The governing body of Council consists of eight members appointed by the Lieutenant Governor in Council. Members are chosen to serve based on statutory provisions outlined in the Act.

One member is the Dean of the Asper School of Business at the University of Manitoba or designate from that Faculty. One member is nominated by the Institute of Chartered Accountants of Manitoba. One member is a person who, in the opinion of the Lieutenant Governor in Council, represents organizations of consumers in Manitoba.

At least three members are persons who, in the opinion of the Lieutenant Governor in Council, have demonstrated management or technical expertise.

The President and CEO of Council is an ex-officio member of the Board.

ABOUT US

Director Independence

The Board considers all Directors to be independent from Council. Independence is considered to have no direct or indirect material relationship with Council. A material relationship means a relationship which could be viewed as reasonably interfering with the exercise of independent judgement. In addition, all Directors are considered independent from the Crowns under Council's purview.

Board Committees

In accordance with Section 15 (2) and Section 18 of the Act the Board has established a planning committee and an audit committee. The planning committee is comprised of the Board as a whole.

Duties of the audit committee are established in Section 18 of the Act. The audit committee is comprised of three members all of which are considered to be financially literate. A member is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the organization's financial statements.

Director Remuneration

The chairperson, vice-chairperson and members of Council are entitled to remuneration and reimbursement for expenses that have been prescribed by the Lieutenant Governor in Council through relevant Orders-in-Council. Remuneration for the chairperson is set at $25,000 per annum and for each member including the vice-chairperson is set at $7,500 per annum.

Board Meetings

The Board meets a minimum of five times during the year and includes an in-camera session without management present as a regular feature of each scheduled Board meeting. Board attendance is recorded.

Public Reporting

Council is required by statute to file an annual report to the Minister responsible on its activities. The annual report is tabled in the Legislative Assembly. In addition, a quarterly report is provided to the Minister responsible. These reports are accessible on Council's internet site: www.crowncc.mb.ca

GOVERNING PROVISIONS FOR CROWN CORPORATIONS

GENERAL PROVISIONS GOVERNING CORPORATIONS SUBJECT TO THE ACT

The Act establishes governance provisions for the Corporations subject to the statute. Governance refers to the structure and practices for overseeing and directing the management of a business and its affairs. Good governance is linked to: ensuring the organization carries out its mandate and objectives, improved corporate performance and risk management, enhancing shareholder value and ensuring the public is well served.

Section III of the Act sets out a range of statutory requirements that support good governance and accountability. Key requirements include:

- Duties of boards collectively
- Duties of directors as individuals
- Responsibility and reporting to Ministers responsible and legislature
- Conflict of interest, director disclosure and avoidance standards
- Establishment of Planning and Audit committees
- Corporate plans, performance and accountability reporting

For example, directors are required to "act honestly and in good faith with a view to the best interests of the corporation" and "exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances." These provisions impose the same degree of responsibility on directors subject to the statute as applied to directors of private corporations. Another important aspect establishes conflict of interest guidelines and disclosure requirements for directors.

Other provisions set out duties of the Board which include periodic review of strategic plans, corporate performance, and if applicable public accountability meetings. General accountability reporting includes requiring audited financial statements and quarterly and annual reporting. Organizations subject to the Act are also required to establish Audit committees for which the duties are defined. This is particularly relevant given the trend of increased focus and attention on the role of audit committees in governance best practices.

Part III of the Act places statutory requirements on Board of Directors that reflect a core essence of governance principles and conduct. Collectively, they establish a minimum standard and can supplement provisions of an organization's existing enabling legislation. Each organization's enabling legislation will vary and commonly provides for appointment of directors, meetings, powers of the board and submission of annual activity and financial reports.

GOVERNING PROVISIONS FOR CROWN CORPORATIONS

Application of the governing provisions of the Act can strengthen governance requirements in areas such as board due diligence and establishment of Audit committees if the enabling legislation is silent on such matters.

The independence and autonomy of Board directors, management and conduct of the business affairs of the corporations is unaffected by the Act, as is policy direction to Crowns.

PUBLIC UTILITIES BOARD

Part IV of the Act provides for the Public Utilities Board review of rates for services of Manitoba Hydro and Manitoba Public Insurance. This regulatory process enables an open, transparent review of rates for service including public participation.

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MEMBERS OF COUNCIL'S BOARD OF DIRECTORS

Raymond Poirier, C.M. President, B-Bel Inc. Attended seven out of seven meetings	Chairman since 2006 Member since 2002
Judy A. Murphy, CA Executive Director, Royal Winnipeg Ballet Attended six out of seven meetings	Member since 2000 Vice-Chair since 2006 Chair – Audit Committee
Dr. Glenn Feltham Dean, Asper School of Business University of Manitoba Attended six out of seven meetings	Member since 2004 Member - Audit Committee
Kent J. Haugen, FCA Partner, Business Consulting & Taxation Haugen Morrish Angers, Chartered Accountants Attended four out of seven meetings	Member since 2002 Member - Audit Committee
Ric dela Cruz Attended seven out of seven meetings	Member since 2003
Becky Barrett Attended five out of seven meetings	Member since 2004
Elaine Cowan Vice-President Aboriginal Sales Coldwell Banker Attended seven out of seven meetings	Member since 2006

CORPORATE PERFORMANCE

Council defines its primary client as the Minister responsible for the Council and representative Ministers responsible for the Crowns under Council's purview. Ministers provide ownership direction to the respective Crown corporations within the context of performance and challenges while respecting the accountability of the Minister and the Crown Board.

In 2007, Council continued to pursue areas of importance in providing ownership direction to Crown corporations developed in 2005. These are Ministerial direction and expectations regarding commercial goals and performance, full and continuous disclosure of the Crown Board and management to the Minister as owner representative and determining the risk that the owner feels is appropriate for the Crown.

Priority activities in 2007 continued to focus on the following outcome and results:

Priorities

1. The Board of Council engage Ministers responsible on ownership issues of Ministerial direction and expectations, full and continuous disclosure and risk.
2. Council staff raise awareness and understanding of issues related to mandates and purpose, performance, long term plans and capital expenditure programs.

Strategic Outcome

Decisions recognize concern for ownership issues of commercial Crowns.

Expected Results

- Resolution of ownership issues is influenced by Council.
- Commercial Crowns are aware of and understand the problems, opportunities, and potential solutions.

CORPORATE PERFORMANCE

Summary of Performance for 2007 in Relationship to Strategic Outcome

STRATEGIC OUTCOME	2007 PRIORITIES	EXPECTED RESULTS
Resolution of ownership issues is influenced by Council	Continue to raise issues within relevant accountability framework	Fully achieved
Commercial Crowns are aware of and understand the problems, opportunities and potential solutions	Council staff raise awareness and understanding of issues	Fully achieved

Accomplishments in 2007

Mandate and purpose

"Facilitate, in co-operation with each corporation, the development of a clearly defined mandate and a clear statement of purpose for the corporation."

◊ During the year, reviews were undertaken on six of the seven Crowns under Council's purview.

Crown Corporation Performance Measurement and Reporting

"Facilitate, in co-operation with each corporation, the development of consistent and effective criteria for measuring the corporation's performance."

◊ Continued monitoring of each Crown's measurement and reporting practices.

◊ Gaps continue to exist in the development of high-level corporate performance indicators and targets for two Crowns. The gaps are being addressed.

Crown Corporations Plans and Capital Expenditures

"Review long term corporate plans and capital expenditure proposals of corporations . . ."

◊ Reviewed all Crowns' updated or new corporate strategic plans.

◊ Completed annual review of Crowns' capital expenditure programs and borrowing requirements.

CORPORATE PERFORMANCE

Consistent Practices

"Ensure consistent practices among two or more corporations where appropriate."

◊ Continued monitoring of governance, risk management, sustainable development and social responsibility processes and practices.

Submissions to Council

"Receive and hear submissions . . . . regarding alleged failures by the corporation to comply with any Act or any policy of the Council."

◊ In 2007 Council received one submission. Council is reviewing the matter outlined in the submission.

Annual Report S 18(2) of the Public Interest Disclosure (Whistleblower Protection) Act

◊ During the period from April 2, 2007 (proclamation) to December 31, 2007 no disclosures of alleged wrongdoing were made.

Sustainable Development

During 2007 activities continued advancing sustainable development outcomes:

◊ Continued to follow procurement policy which is consistent with Manitoba's principles and guidelines of sustainable development.
◊ Continued recycling program.
◊ Continued conserving resources and waste reduction and diversion.
◊ Continued evaluating value, performance and need.

Summary of Resources

Our cost of operations continues to be relatively stable.

EXPENSES (thousands of dollars)				
2007	2006	2005	2004	2003
$723	$720	$694	$686	$632

SCHEDULE OF LEGISLATIVE AUTHORITIES

Legislative authorities refers to the legislation, regulations, Orders in Council, directives, entity by-laws, agreements and other instruments through which powers are established and delegated.

The Crown Corporations Public Review and Accountability Act

4(1)	Council established
5	Employees and advisors
6(1)	Duties of council
6(2)	Powers of council
9(1)	Costs of council
9(2)	Regulations
10	Banking

Regulations

84/1990	Levies on Corporations
146/1991	Manitoba Lotteries Foundation
16/2001	Manitoba Centennial Centre Corporation

Orders in Council

161/2000	Appointment of President and CEO as an ex officio member of CCC
68/2005	Director appointment to the CCC Board
155/2006	Directors appointments to the CCC Board
497/2006	Director appointment to the CCC Board
296/2007	Directors appointments to the CCC Board
346/2007	Appointment of BDO Dunwoody LLP as external auditors of CCC

Crown Corporations Council By-Laws

By-Law No. 1

RESPONSIBILITY FOR FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Responsibility for Financial Statements

The management of the Crown Corporations Council is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors. The statements have been examined by BDO Dunwoody LLP, independent external auditors, whose opinion is included herein.

The preparation of the financial information contained in the annual report necessarily involved the use of certain estimates and judgments which have been reached based on careful assessment of data available through the Council's information systems.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Council. Management maintains an appropriate system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements.

The Audit Committee of the Board of Directors meets periodically with officers of the Council and the Council's auditors. The auditors have free access to this Committee, to discuss the results of their audit work and their observations on the internal financial controls and the quality of financial reporting.

President and Chief Executive Officer

Senior Business Analyst

AUDITORS' REPORT

To the Members of
CROWN CORPORATIONS COUNCIL

We have audited the balance sheet of **CROWN CORPORATIONS COUNCIL** as at December 31, 2007 and the statement of income and reserve reflecting net investment in capital assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2006 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated March 2, 2007.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
February 13, 2008

FINANCIAL STATEMENTS

BALANCE SHEET

	December 31	
	2007	2006
ASSETS	(thousands of dollars)	
Current:		
Cash	**$ 513**	$ 439
Accounts receivable	**9**	6
	522	445
Capital assets (note 5)	**1**	6
	$ 523	$ 451
LIABILITIES AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS		
Current:		
Accounts payable and accrued liabilities	**$ 102**	$ 91
Levies received in advance	**162**	109
Due to Manitoba Crown corporations (note 4)	**78**	96
	342	296
Retirement allowances and other benefits payable (notes 2 (e) and 6)	**180**	149
	522	445
Reserve reflecting net investment in capital assets	**1**	6
	$ 523	$ 451

Approved by the Board

Chairman

Director

(see accompanying notes)

FINANCIAL STATEMENTS

STATEMENT OF INCOME AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

	Year Ended December 31	
	2007	2006
	(thousands of dollars)	
Income		
Recoveries from corporations through levies	**$ 706**	$ 694
Interest	**12**	12
	718	706
Expenses		
Salaries and benefits (notes 2(e) and 6)	**522**	501
Board remuneration and expenses	**77**	78
Rent	**76**	76
Professional fees	**9**	17
Automobile expense	**8**	8
Telephone, courier and internet	**7**	7
Office supplies and printing	**7**	6
Travel	**6**	1
Depreciation	**5**	14
Industry conferences	**2**	7
Equipment rental and maintenance	**2**	3
Insurance and miscellaneous	**1**	1
Professional development	**1**	1
	723	720
Excess (deficit) of income over expenses	**$ (5)**	$ (14)
Reserve reflecting net investment in capital assets, beginning of year	**6**	20
Reserve reflecting net investment in capital assets, end of year	**$ 1**	$ 6

(see accompanying notes)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

1. Nature of organization

The Crown Corporations Council (the "Council") is a body corporate established on June 5, 1989 under the Crown Corporations Public Review and Accountability Act.

The mandate of the Council is to facilitate clear mandates, development of performance measures and consistent practices and to review corporate plans of Crown corporations under its purview.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those principles considered particularly significant for the Council.

a) Financial instruments

The Council recognizes and measures financial assets and financial liabilities on the Balance Sheet when they become a party to the contractual provisions of a financial instrument. All transactions related to financial instruments are recorded on a settlement date basis. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, loans and receivables, held to maturity, available for sale or other financial liabilities.

Held for Trading

Financial instruments are classified under this category if they are:
(i) acquired principally for the purpose of selling or repurchasing in the near term;
(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
(iii) a derivative, except for a derivative that is a financial guarantee contract or a designated effective hedging instrument; or
(iv) designated at fair value using the fair value option ("FVO")

Financial instruments cannot be transferred into or out of the Held for Trading category after inception. For designation at fair value using the FVO option, reliable fair values must be readily available.

These instruments are recognized initially at fair value and transaction costs are taken directly to the Statement of Income. They are subsequently measured at fair value and gains and losses arising from changes in fair value of these instruments are recorded in the Statement of Income.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable repayment dates, usually with interest, that are not debt securities or instruments classified as held for trading on initial recognition.

Accounts receivable have been classified as loans and receivables. These instruments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently valued at amortized cost using the effective interest method less any provision for impairment.

Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities and include accounts payable. These instruments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently measured at amortized cost using the effective interest method.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices as appropriate, in the most advantageous active market for that instrument to which the Council has immediate access.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discounted rates. In determining those assumptions, external readily observable market inputs including interest rate yield curves, currency rates and price and rate volatilities are considered, as applicable.

b) Recoveries of expenses from Crown corporations

Operating expenses are recovered from the Crown corporations through the assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred. In addition, certain direct costs incurred on behalf of particular corporations are recovered directly from the respective Crown corporations.

c) Reserve reflecting the net investment in capital assets

The purchase of capital assets is funded through operating expense levies assessed to Crown corporations. The reserve reflects levies assessed to the Crown corporations with respect to the Council's capital assets.

d) Capital assets

Capital assets are recorded at cost. Depreciation is provided on a straight line basis over five years on the office furniture and equipment and over three years on the computer equipment.

e) Retirement allowances and other employee future benefits

The Council provides retirement allowance and pension benefits to its employees.

Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees will retire. In addition, adjustments arising from plan amendment, changes in assumptions, and the actuarial present value of the accrued entitlement as at January 1, 2000 are being amortized to expenses on a straight line basis over the expected average remaining service life of the employee group. Actuarial gains and losses are recognized in income immediately.

Employees of the Council are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Council is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund. The cost for the year was $23,800 (2006 - $23,000).

In addition, one employee is entitled to enhanced pension benefits. The plan is based on final pay and is indexed. The cost of the benefits earned by the employee is charged to expenses as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire.

f) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual amounts could differ from those estimates.

3. Change in accounting policy

On January 1, 2007 the Council adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"). These standards were: Comprehensive Income (handbook "Section 1530"), Financial Instruments – Recognition and Measurement (handbook "Section 3855"), Financial Instruments – Disclosure and Presentation (handbook "Section 3861"), and Hedges (handbook "Section 3865"). The adoption of these new standards resulted in changes in the accounting for financial assets and liabilities, non-financial derivatives and hedge accounting (which is optional), none of which had a significant impact on the financial reporting of the Council.

4. Due to Manitoba Crown corporations

These amounts are non-interest bearing and represent a retroactive adjustment to levies based on Council's actual expenses.

5. Capital assets

These are comprised entirely of office furniture and equipment and computer equipment.

	December 31	
	2007	2006
	(in thousands of dollars)	
Cost		
Office furniture and equipment	**$ 61**	$ 61
Computer equipment	**46**	46
	$107	$107
Accumulated depreciation		
Office furniture and equipment	**$ 60**	$ 60
Computer equipment	**46**	41
	$106	$101
Net book value	**$ 1**	$ 6

6. Retirement allowances and enhanced pension benefits

The Council measures its accrued benefit obligation for each of the retirement allowance and enhanced pension benefits as at December 31 of each year. The most recent actuarial valuation report was at December 31, 2004 and the next required valuation is as of December 31, 2007. The December 31, 2007 actuarial valuation was not complete as of the date of this report.

(a) Information about the Council's retirement allowance benefit plan is as follows:

	2007 $	2006 $
Accrued benefit obligation		
Balance, beginning of year	**100**	91
Current service cost	**4**	4
Interest cost	**6**	5
Experience loss on triennial adjustment	**0**	0
Accrued benefit obligation, December 31	**110**	100
Unamortized transitional amount, December 31	**(10)**	(15)
Accrued retirement allowance, December 31	**100**	85

The Council's retirement allowance expense consists of the following:

	2007 $	2006 $
Current service costs	**4**	4
Interest cost	**5**	5
Accrued earned interest	**(1)**	0
Experience loss on triennial adjustment	**0**	0
Amortization of transitional amount	**5**	5
Total retirement allowance expense	**13**	14

The significant actuarial assumptions adopted in measuring the Council's retirement allowance obligation are as follows:

	2007 %	2006 %
Benefit costs for the year ended December 31		
Discount rate	**6.50**	6.50
Rate of compensation increase	**4.00**	4.00

(b) Information about the Council's enhanced pension benefit plan is as follows:

	2007 $	2006 $
Accrued benefit obligation and accrued pension liability		
Balance, beginning of year	**64**	51
Current service cost	**11**	9
Interest cost	**5**	4
Experience gain on triennial adjustment	**0**	0
Accrued benefit obligation and accrued pension liability, December 31	**80**	64

The Council's enhanced pension expense (income) consists of the following:

	2007 $	2006 $
Current service costs	**11**	9
Interest cost	**5**	4
Experience gain on triennial adjustment	**0**	0
Employee contributions	**(2)**	(2)
Total enhanced pension expense	**14**	11

The significant actuarial assumptions adopted in measuring the Council's pension obligation are as follows:

	2007 %	2006 %
Benefit costs for the year ended December 31		
Discount rate	**6.50**	6.50
Rate of compensation increase	**4.00**	4.00

7. Lease commitments

The Council is committed under a premises lease expiring on April 30, 2010 to annual basic rental payments of approximately $35,400 and annual common area and operating costs of approximately $36,800.

The lease payments excluding annual common area and operating costs are as follows:

Year	Base Rent
2008	$35,379
2009	$35,379
2010	$11,793
	$82,551

8. Statement of cash flows

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.

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